

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-/20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-.00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PM-07 DODE-00 PA-04 USIA-15 PRS-01

SCEM-02 INT-08 CAB-09 FAA-00 DRC-01 AGR-20 NEA-10

SAB-01 IO-14 /229 W

----- 048150

R 090315Z JAN 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7466

INFO AMEMBASSY CANBERRA

AMCONSUL AUCKLAND

AMEMBASSY SU\*A

LIMITEG OFFICIAL USE WELLINGTON 0048

EO 11652: N/A

TAGS: ENRG, NZ

SUBJ: FUEL CRISIS DEVELOPMENTS

REFS: A. WELLINGTON 3277

B. WELLINGTON 3278

1. SUMMARY MORE CUTS IN COMMERCIAL FLIGHTS TO  
NEW ZEALAND AND CONCERN OF POSSIBLE STANDARD AVIATION  
FUEL SHORTAGE. GNZ DISCUSSING PRICE INCREASES.  
MORE IMPORTANTLY DIESEL FUEL RESTRCITIONS HURTING FARMERS. END SUMMARY.

2. RECENT RADIO AND PRESS REPORTS INDICATE  
POSSIBLE SWITCH AIR NEW ZEALAND (ANZ) AND NATIONAL  
AIRWAYS CORPORATION (NAC) TO J.P.4 FUEL DUE TO SHORTAGE  
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STANDARD JP5 JET FUEL. ANZ IS REPORTED TO HAVE REQUESTED

STANDBY AUTHORIZATION FROM NZ CIVIL AVIATION AUTHORITY (CAA) TO USE JP4. FRONT PAGE LEAD ARTICLE OF WELLINGTON DAILY REPORTS ANZ SPOKESMAN HAS "ADMITTED THAT AIRLINE WAS PREPARED TO SWITCH TO A MORE VOLATILE AND DANGEROUS TYPE FUEL." ARTICLE STRESSES HIGH-RISK NATURE OF JP4 FOR PASSENGER AIRCRAFT IN CASE OF ACCIDENT AND SAYS SOME OVERSEAS AIRLINES HAVE ALREADY BEEN FORCED TO ACCEPT JP4.

3. PAN AM'S RECENT CANCELLATION OF FOUR FLIGHTS TO NZ THROUGH TAHITI DUE TO FUEL CRISIS HAS RECEIVED MINOR NOTICE.

4. ANZ HAS ALSO ANNOUNCED CANCELLATION OF THREE FEBRUARY NZ-LOS ANGELES FLIGHTS WITH POSSIBILITY OTHER CUTS TO SAVE FUEL. ACCORDING ANZ BOOKED PASSENGERS TRANSFERRED TO OTHER FLIGHTS.

5. ACCORDING TO REPORTS DELAY IN DELIVERY OF AVIATION FUEL FROM AUSTRALIA THREATENING TO GROUND LIGHT AIRCRAFT. SUPPLIES ARE NEARLY DEPLETED. HOPES THAT TANKER EXPECTED WEEK OF JANUARY 7 WILL AVERT SUPPLY CRISIS.

6. REPRESENTATIVES OF LEADING OIL COMPANIES OPERATING IN NEW ZEALAND MET ON JANUARY 8 WITH MINISTER OF ENERGY RESOURCES FREER TO DISCUSS EFFECT OF RECENT LARGE CRUDE OIL PRICE INCREASES. ANNOUNCEMENT OF DECISION OF GNZ ON PETROLEUM PRODUCTS PRICE INCREASES STILL PENDING.

7. AS PART OF PROCESS OF PREPARING PUBLIC, MINISTER HAS MADE SEVERAL REFERENCES IN RECENT STATEMENTS TO PROBABLE PRICE INCREASES BUT HAS LEFT OPEN WHEN AND HOW MUCH. ONE OIL INDUSTRY SOURCE PREDICTED GASOLINE WOULD HAVE TO RISE TO ABOUT 82 CENTS US PER US GALLON TO COVER CRUDE PRICE INCREASES. CURRENT PRICE IS APPROXIMATELY 56 CENTS US PER US GALLON FOR REGULAR. ONE OIL INDUSTRY SOURCE REPORTED FEELING GNZ POLICY OF RELYING ON VOLUNTARY RESTRAINTS ON FUEL CONSUMPTION ARE NOT ADEQUATE. MINISTER STILL AGAINST RATIONING BUT SOME TALK OF CARELESS DAYS.

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8. GROWING DISCONTENT AMONG FARMERS AT RESTRICTIONS ON DIESEL FUEL CONSUMPTION TO EARLIER CONSUMPTION LEVELS. MANY FARMERS NOW IN HEIGHT OF ACTIVITY, EMPLOYING LARGER LABOR SAVING FARM MACHINES POWERED BY DIESEL FUEL.

9. ANNOUNCEMENT OF MINISTER OF FINANCE ON DEPARTURE FOR ROME FOR IMF MEETING SAID HE HAD BEEN

INVITED BY IRANIAN GOVERNMENT TO "SPEND THREE DAYS"  
IN IRAN EN ROUTE. MINISTER SAID OIL QUESTION WOULD BE  
ONE OF SEVERAL MATTERS TO BE DISCUSSED, BUT THAT HE  
WOULD NOT BE TRYING TO ARRANGE IRANIAN OIL SUPPLIES FOR NZ.

COMMENT #1: WE SHALL SEE. PRIME MINISTER WHO HAS  
JUST RETURNED FROM ASIAN TOUR WAS VERY DEFINITELY  
INTERESTED IN EXPLORING POSSIBLE DEALS FOR PETROLEUM.  
HIS SUCCESS IS NOT YET EVIDENT AND IT SEEMS UNLIKELY  
NZ HAS SUFFICIENT LEVERAGE OR CAPITAL TO ENABLE HIM  
OBTAIN MUCH, CERTAINLY NOT FOR SOME TIME.

COMMENT #2: DIESEL FUEL RESTRICTIONS ON FARMERS  
CLEARLY HAVE MOST SERIOUS IMPLICATION ON NZ ECONOMY  
OF ANY OF TOPICS MENTIONED ABOVE. ALSO NZ IS PARTI-  
CULARLY SHORT OF HEAVIER OILS. A SHORTAGE OF AVIATION  
FUEL IN SEPTEMBER WOULD ALSO BE SERIOUS FOR NZ  
AGRICULTURE AS FARMERS DEPEND ON AERIAL TOP DRESSING  
TO FERTILIZE THEIR FIELDS.  
WOOD

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## Message Attributes

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